



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
ESTILL COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1998

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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Edward B. Hatchett, Jr.
Auditor of Public Accounts

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Dwight Arvin, County Judge/Executive
Honorable Wayne Abney, County Jailer
Members of the Estill County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Estill County, Kentucky, as of June 30, 1998, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Estill County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Estill County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Estill County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1998, in conformity with the cash basis of accounting described above.

To the People of Kentucky
Honorable Paul E. Patton, Governor
John P. McCarty, Secretary
Finance and Administration Cabinet
Sarah Jane Schaaf, Secretary, Revenue Cabinet
Honorable Dwight Arvin, County Judge/Executive
Honorable Wayne Abney, County Jailer
Members of the Estill County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Estill County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present a schedule of Comments and Recommendations, included herein, which discusses the following areas of noncompliance:

- The Fiscal Court Should Require Improved Accounting Procedures For Jail Commissary Fund
- Jail Telephone Commissions And Jail Commissary Moneys Were Not Accounted For Properly
- Jail Commissary Fund Had A Lack Of Adequate Segregation Of Duties
- Jailer Should Properly Collect And Account For Work Release Fees
- Jailer Should Properly Collect And Account For Bail Bond Fees

In accordance with Government Auditing Standards, we have also issued our report dated June 3, 1999, on our consideration of Estill County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 3, 1999

ESTILL COUNTY OFFICIALS

Fiscal Year Ended June 30, 1998

Dwight Arvin	County Judge/Executive
Heather Combs	County Attorney
Sherry Fox	County Clerk
Phillip Becknell	Sheriff
Wayne Abney	Jailer
Tamara P. Dunaway	Property Valuation Administrator
LaDonna Johnson	County Treasurer
John Toler	Coroner
Darrell Horn	Road Supervisor
Kevin Williams	Magistrate
Otis Freeman	Magistrate
Jeff Hensley	Magistrate

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

ESTILL COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1998

Assets and Other Resources

Assets

General Fund:	
Cash	\$ 163,912
Road and Bridge Fund:	
Cash	71,645
Jail Fund:	
Cash	6,298
Jail Commissary Fund:	
Cash	527
Local Government Economic Assistance Fund:	
Cash	4,842
CSEPP Fund:	
Cash	63,794
Public Properties Corporation Fund:	
Cash	60,444
Payroll Revolving Account:	
Cash	6,146

Other Resources

General Fund:	
Amounts to be Provided in Future Years for	
Capital Lease Principal Payments - Enrichment Center	232,000
Road and Bridge Fund:	
Amounts to be Provided in Future Years for	
Capital Lease Principal Payments - Equipment	83,000
Jail Fund:	
Amounts to be Provided in Future Years for Jail Capital	
Lease Obligations - Bond Principal Payments	162,931
Public Properties Corporation Fund:	
Amounts to be Provided in Future Years for	
Bond Principal Payments	<u>349,556</u>
Total Assets and Other Resources	<u>\$ 1,205,095</u>

The accompanying notes are an integral part of the financial statements.

ESTILL COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1998
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Capital Lease Agreement Principal - Enrichment Center (Note 4A)	\$ 232,000
--	------------

Road and Bridge Fund:

Capital Lease Agreement Principal - Equipment (Note 4B)	83,000
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Jail Fund:

Capital Lease Obligation - Bond Principal Payments (Note 5A)	162,931
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Public Properties Corporation Fund:

Bond Principal Payable (Note 5B)	410,000
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Payroll Revolving Account:

Payroll Taxes Payable	6,146
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Fund Balances

Reserved:

Jail Commissary Fund	527
CSEPP Fund	63,794

Unreserved:

General Fund	163,912
Road and Bridge Fund	71,645
Jail Fund	6,298
Local Government Economic Assistance Fund	4,842

Total Liabilities and Fund Balances	<u>\$ 1,205,095</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

ESTILL COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,403,600	\$ 1,217,011	\$ 925,558	\$ 164,133
Transfers In	227,717		21,352	140,000
Jail Commissary Fund Receipts	2,473			
	<u>2,473</u>			
Total Cash Receipts	<u>\$ 2,633,790</u>	<u>\$ 1,217,011</u>	<u>\$ 946,910</u>	<u>\$ 304,133</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 2,276,564	\$ 1,015,514	\$ 871,779	\$ 300,450
Transfers Out	227,717	161,352	66,365	
Bonds:				
Principal Paid	50,268			5,268
Interest Paid	24,104			
Jail Commissary Fund Expenditures	2,382			
Borrowed Money Repaid - KACO Leasing Trust Authority - Principal	29,000	11,000	18,000	
	<u>29,000</u>	<u>11,000</u>	<u>18,000</u>	
Total Cash Disbursements	<u>\$ 2,610,035</u>	<u>\$ 1,187,866</u>	<u>\$ 956,144</u>	<u>\$ 305,718</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 23,755	\$ 29,145	\$ (9,234)	\$ (1,585)
Cash Balance - July 1, 1997	<u>347,707</u>	<u>134,767</u>	<u>80,879</u>	<u>7,883</u>
Cash Balance - June 30, 1998	<u>\$ 371,462</u>	<u>\$ 163,912</u>	<u>\$ 71,645</u>	<u>\$ 6,298</u>

The accompanying notes are an integral part of the financial statements.

ESTILL COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1998
(Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	CSEPP Fund	Community Development Block Grant Fund	State Grant Fund	Public Properties Corporation Fund
\$	\$ 47,415	\$ 44,647	\$ 1,750	\$	\$ 3,086
2,473					66,365
\$ 2,473	\$ 47,415	\$ 44,647	\$ 1,750	\$ 0	\$ 69,451
\$	\$ 48,070	\$ 14,868	\$ 1,750	\$ 24,133	\$
2,382					45,000
					24,104
\$ 2,382	\$ 48,070	\$ 14,868	\$ 1,750	\$ 24,133	\$ 69,104
\$ 91	\$ (655)	\$ 29,779	\$ 0	\$ (24,133)	\$ 347
436	5,497	34,015		24,133	60,097
\$ 527	\$ 4,842	\$ 63,794	\$ 0	\$ 0	\$ 60,444

ESTILL COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1998

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Estill County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Jail Commissary Fund and the Public Properties Corporation Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Estill County budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments, if any, are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

ESTILL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.65 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintains deposits with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to law, the depository institution should pledge sufficient securities as collateral which, together with FDIC insurance, equals or exceeds the amount on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge of securities should be evidenced by an agreement that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. This agreement, signed by both parties, must be sufficient to create an enforceable and perfected security interest in the collateral under Kentucky law. The county met the requirements stated above, and as of June 30, 1998, deposits were fully insured or collateralized at a 100% level with securities held by the county's agent in the county's name.

ESTILL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 4. Kentucky Association of Counties Leasing Trust Agreement

A. Enrichment Center

Estill County Fiscal Court entered into a leasing trust agreement with the Kentucky Association of Counties Leasing Trust for the purpose of construction of a county Enrichment Center. The amount of the lease principal was \$285,000 plus interest at 5.43 percent, plus administrative fees, credit fees, and fiduciary fees. The principal is paid annually and the interest is paid monthly over a 10-year period. The balance of the lease trust as of June 30, 1998, was \$232,000.

B. Equipment

Estill County Fiscal Court entered into a leasing trust agreement with the Kentucky Association of Counties Leasing Trust for the purpose of purchasing equipment. The amount of the lease principal was \$173,000 plus interest at 5.2 percent, plus administrative fees, credit fees, and fiduciary fees. The principal is paid annually and the interest is paid monthly over a 10-year period. The balance of the lease trust as of June 30, 1998, was \$83,000.

Note 5. Long-Term Debt

A. Long-Term Participation Agreement

The Kentucky Local Correctional Facilities Construction Authority, an independent corporate agency and instrumentality of the Commonwealth of Kentucky, issues revenue bonds for the purpose of construction and reconstruction of jail facilities. The Authority issued \$206,362 of revenue bonds at various interest rates of which the county has agreed to pay \$206,362 principal and a proportional share of interest on the issue. Debt service requirements are as follows:

Year Ended June 30,	Scheduled Interest	Scheduled Principal
1999	\$ 10,154	\$ 5,603
2000	9,787	5,958
2001	9,397	6,336
2002	8,983	6,738
2003	8,542	7,165
2004-2015	55,926	131,131
Totals	\$ 102,789	\$ 162,931

ESTILL COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1998
(Continued)

Note 5. Long-Term Debt (Continued)

B. Bonds Outstanding of the Estill County Public Properties Corporation

The county is liable for the following bonds issued by the Estill County Public Properties Corporation dated August 5, 1996, in the amount of \$585,000. Principal is payable annually on August 1 and interest is payable semiannually on February 1 and August 1. Debt service requirements are as follows:

Year Ended June 30,	Scheduled Interest	Scheduled Principal
1999	\$ 22,925	\$ 50,000
2000	20,237	50,000
2001	17,281	55,000
2002	13,900	60,000
2003	10,270	60,000
2004	6,425	65,000
2005	2,205	70,000
	<u>\$ 93,243</u>	<u>\$ 410,000</u>

Note 6. Lease-Purchase Agreements

The county entered into the following lease-purchase agreements:

Description	Annual Payment	Term of Agreement	Ending Date	Balance 6/30/98
Fire Engine	\$ 10,190	4 Years	12/98	\$ 10,190
Trucks	38,687	3 Years	8/98	38,687
Copier	1,758	3 Years	11/00	4,248
Fax	467	3 Years	10/00	1,089

Note 7. Insurance

For the fiscal year ended June 30, 1998, Estill County was a member of the Kentucky Association of Counties' All Lines Insurance Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

ESTILL COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1998

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 953,105	\$ 1,217,011	\$ 263,906
Road and Bridge Fund	876,882	925,558	48,676
Jail Fund	315,595	164,133	(151,462)
Local Government Economic Assistance Fund	53,583	47,415	(6,168)
CSEPP Fund	44,647	44,647	
Community Development Block Grant Fund	<u>1,750</u>	<u>1,750</u>	
Total	<u>\$ 2,245,562</u>	<u>\$ 2,400,514</u>	<u>\$ 154,952</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 2,245,562
Add: Budgeted Prior Year Surplus			287,174
Less: Other Financing Uses			<u>(100,635)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 2,432,101</u>

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SCHEDULE OF OPERATING REVENUE

ESTILL COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1998

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Revenue From Local Taxes and Excess Fees</u>				
Sheriff:				
Taxes	\$ 182,780	\$ 182,780	\$	\$
Fire Protection	2,049	2,049		
Advertising Fees	312	312		
County Clerk:				
Deed Transfer Tax	15,942	15,942		
Delinquent Taxes	5,464	5,464		
Excess Fees - 1997	45,481	45,481		
Motor Vehicle Tax	57,997	57,997		
In Lieu of Taxes U.S. Treasurer	3,403	3,403		
Occupational Employment Tax	372,370	372,370		
911 Tax	65,736	65,736		
Totals	<u>\$ 751,534</u>	<u>\$ 751,534</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants - Coordinator Salary	\$ 2,424	\$ 2,424	\$	\$
Community Development Block				
Grants - Industrial Park	1,750			
National Forestry Receipts	4,328		4,328	
Chemical Stockpile Emergency				
Preparedness Program	44,647			
Totals	<u>\$ 53,149</u>	<u>\$ 2,424</u>	<u>\$ 4,328</u>	<u>\$ 0</u>

Local Government Economic Assistance Fund	CSEPP Fund	Community Development Block Grant Fund	State Grant Fund	Public Properties Corporation Fund
\$	\$	\$	\$	\$
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$	\$	\$	\$	\$
		1,750		
	44,647			
\$ 0	\$ 44,647	\$ 1,750	\$ 0	\$ 0

ESTILL COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 47,093	\$	\$	\$ 47,093
Medical Allotments	3,627			3,627
Driving Under The Influence Fees	2,370			2,370
Controlled Intake	41,568			41,568
Court Costs, Jail Operation	5,550			5,550
County Road Aid	529,207		529,207	
Road Improvements	42,028		42,028	
Truck License Distribution	151,651		151,651	
Courthouse Rental - Administrative				
Office of the Courts	68,472	68,472		
Refunds:				
Legal Process Tax	148	148		
Drivers License	1,443		1,443	
Dog License	178	178		
State Reimbursement	216,605	23,898	192,707	
Road Energy	8		8	
Severance Taxes:				
Coal	31,634	535		
Mineral	16,039	59		
Mine Permits	125			
Board of Assessments	250	250		
Firefighter Incentive Pay	2,715	2,715		
Totals	<u>\$ 1,160,711</u>	<u>\$ 96,255</u>	<u>\$ 917,044</u>	<u>\$ 100,208</u>

ESTILL COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	CSEPP Fund	Community Development Block Grant Fund	State Grant Fund	Public Properties Corporation Fund
\$	\$	\$	\$	\$
31,099				
15,980				
125				
\$ 47,204	\$ 0	\$ 0	\$ 0	\$ 0

ESTILL COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1998
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 10,761	\$ 3,310	\$ 3,885	\$ 269
Housing Prisoners - Other Counties	63,206			63,206
911 Payroll Reimbursement	23,625	23,625		
Franchise Fees	24,504	24,504		
Rentals	17,162	17,162		
Public Service Company	2,360	2,360		
DES Reimbursements	6,028	6,028		
Landfill User	277,669	277,669		
Dog Pound	7,953	7,953		
Vending	1,292	1,292		
Recycling	177	177		
Home Incarceration	195			195
Miscellaneous Items	3,274	2,718	301	255
Totals	<u>\$ 438,206</u>	<u>\$ 366,798</u>	<u>\$ 4,186</u>	<u>\$ 63,925</u>
Total Operating Revenue	<u>\$ 2,403,600</u>	<u>\$ 1,217,011</u>	<u>\$ 925,558</u>	<u>\$ 164,133</u>

ESTILL COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1998
(Continued)

Local Government Economic Assistance Fund	CSEPP Fund	Community Development Block Grant Fund	State Grant Fund	Public Properties Corporation Fund
\$ 211	\$	\$	\$	\$ 3,086
<u>\$ 211</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,086</u>
<u>\$ 47,415</u>	<u>\$ 44,647</u>	<u>\$ 1,750</u>	<u>\$ 0</u>	<u>\$ 3,086</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

ESTILL COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1998

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 47,376	\$ 47,376	\$
Deputy County Judge/Executive	25,062	24,922	140
Administrative Assistant	15,214	14,946	268
Office Materials and Supplies	6,500	6,220	280
Office of County Attorney:			
Salaries-			
County Attorney	6,855	6,855	
Secretaries	7,038	7,038	
Office of County Clerk:			
Copy Rental	10,000	9,926	74
Administrative Costs	5,500	5,392	108
Office of Sheriff:			
Deputy Sheriff Salary	16,024	16,024	
Tax Bill Envelopes	2,350	2,315	35
Materials and Supplies	397	397	
Fuel	3,228	3,226	2
Office of County Coroner:			
Salaries-			
County Coroner	7,370	7,370	
Deputy Coroner	3,770	3,770	
Materials and Supplies	600	520	80
Miscellaneous	750	703	47
Fiscal Court:			
Magistrates -			
Salaries	24,000	24,000	
Expense Allowance	3,600	3,600	
Fiscal Court Clerk Salary	2,400	2,400	
Office of Property Valuation Administrator:			
Statutory Contribution	9,160	9,139	21

ESTILL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>General Government (Continued)</u>			
Office of Board of Assessment Appeals:			
Per Diem	\$ 1,000	\$	\$ 1,000
Office of County Treasurer:			
County Treasurer Salary	16,830	16,830	
Office Materials and Supplies	1,200	1,155	45
County Law Library:			
Law Librarian Salary	600		600
Elections:			
Per Diem-			
Election Commissioners	4,170	4,170	
Election Officers	4,700	4,580	120
Polling Places	300	40	260
Materials and Supplies	6,201	6,201	
Miscellaneous Expense	600	420	180
Courthouse:			
Janitor Salary	21,015	21,015	
Improvements	2,000	1,661	339
Materials and Supplies	5,000	4,912	88
Maintenance and Repairs	4,900	4,861	39
Miscellaneous	650	553	97
Other County Properties:			
Enrichment Center-			
Renewal and Replacement	7,900	7,647	253
Miscellaneous	1,400	1,400	
<u>Protection to Persons and Property</u>			
Police Department:			
County Police Salaries	13,530	13,530	
Vehicle Maintenance	1,800	1,583	217

ESTILL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property</u> (Continued)			
County Fire Department:			
Supervisor Salary	\$ 14,280	\$ 14,269	\$ 11
Fire Runs	1,800	1,728	72
Incentive Pay	2,500	2,500	
Vehicle Maintenance	20,500	20,026	474
Program Support	31,100	30,802	298
Utilities	5,000	3,741	1,259
Education Program	1,000	1,000	
Disaster and Emergency Services:			
Director Salary	13,806	13,806	
Advertising	700	36	664
Pager Lease	190		190
Gasoline	1,028	1,019	9
Postage	32		32
Office Materials and Supplies	1,745	1,444	301
Printing	40	36	4
Mileage Reimbursement	720		720
Telephone	2,669	2,412	257
Communication Equipment	15,184	14,254	930
Travel	1,500		1,500
Furniture and Fixtures	1,066	753	313
Equipment	22,100	8,026	14,074
Vehicle Maintenance	3,050	3,009	41
Emergency Dispatch Service:			
Salaries -			
Mapping Coordinator	23,460	23,460	
Dispatchers	55,918	55,216	702
Part - Time	19,600	19,543	57
Telephone	27,000	24,407	2,593
Equipment	34,800	26,768	8,032
Miscellaneous	29,014	10,218	18,796

ESTILL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Protection to Persons and Property (Continued)</u>			
Forestry Fire Protection:			
Program Support	\$ 2,390	\$ 2,390	\$
Office of Public Defender:			
Contribution	1,827	1,827	
<u>General Health and Sanitation</u>			
Dog Control:			
Salaries	16,988	16,988	
Office Supplies	235	226	9
Dog Control Contract	7,001	6,587	414
Utilities	2,300	2,272	28
Recycling:			
Recycling Center Worker Salary	27,224	27,180	44
Advertising	197		197
Materials and Supplies	1,318	1,234	84
Landfill	1,825	1,789	36
Miscellaneous	4,914	4,748	166
Solid Waste Collection:			
Part-Time	8,840	8,779	61
<u>Social Services</u>			
Senior Citizens Program:			
Contribution	5,000	5,000	
Services to Children and Youth:			
Director Salary	5,618	5,178	440
Recreational Supplies	4,300	4,254	46
Renewals and Repairs	2,400	2,390	10
<u>Debt Service</u>			
KACO Leasing Trust:			
Interest	12,437	12,437	

ESTILL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND (Continued)</u>			
<u>Capital Projects</u>			
Other Capital Outlay	\$ 46,700	\$ 46,336	\$ 364
<u>Administration</u>			
General Services:			
Advertising	10,999	9,925	1,074
Audits	30,620	30,516	104
Legal Fees	17,088	17,088	
Administrative Costs	475	415	60
Insurance	37,028	36,914	114
Association Dues	6,300	6,104	196
Telephone	16,000	14,959	1,041
Utilities	20,500	19,565	935
Miscellaneous	11,805	11,804	1
Contingent Appropriations:			
Reserve for Budget Transfers	210		210
Fringe Benefits:			
County Contributions-			
Social Security	35,000	35,000	
Retirement	36,880	36,809	71
Health Insurance	47,117	47,117	
Worker's Compensation	27,500	27,475	25
Unemployment Insurance	7,044	7,038	6
Total Operating Budget	\$ 1,076,872	\$ 1,015,514	\$ 61,358
Other Financing Uses:			
(a) KACO Leasing Trust:			
Lease Principal	11,000	11,000	
Total General Fund	\$ 1,087,872	\$ 1,026,514	\$ 61,358

ESTILL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u>			
<u>General Government</u>			
<u>Roads</u>			
Office of Road Supervisor/Engineer:			
Road Supervisor Salary	\$ 20,946	\$ 20,946	\$
Road Maintenance:			
Road Labor Salaries	190,032	190,032	
Gravel	95,413	95,057	356
Road Materials and Supplies	371,291	370,401	890
Miscellaneous	1,590	1,568	22
<u>Debt Service</u>			
KACO Leasing Trust:			
Interest	4,822	4,821	1
Lease Payment:			
Principal	34,525	34,525	
Interest	4,191	4,162	29
<u>Capital Projects</u>			
Bridges:			
Contracted Construction	71,749	71,749	
<u>Administration</u>			
Insurance	9,002	9,002	
Telephone	1,250	1,055	195
Garage Utilities	4,534	4,531	3
Payment to School Board	2,164	2,164	
Fringe Benefits:			
County Contributions-			
Retirement	17,300	17,300	
Social Security	15,400	15,400	

ESTILL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND (Continued)</u>			
<u>Administration (Continued)</u>			
Fringe Benefits: (Continued)			
Health Insurance	\$ 22,000	\$ 21,879	\$ 121
Worker's Compensation	7,187	7,187	
Total Operating Budget	\$ 873,396	\$ 871,779	\$ 1,617
Other Financing Uses:			
(a) KACO Leasing Trust - Principal	18,000	18,000	
(b) Transfers to Public Properties Corporation Fund	66,365	66,365	
Total Road and Bridge Fund	\$ 957,761	\$ 956,144	\$ 1,617

JAIL FUND

Protection to Persons and Property

Office of Jailer:

 Personnel Services-

 Salaries-

Jailer	\$ 31,955	\$ 31,955	\$
Jail Personnel	77,848	77,782	66
Part-Time Deputies	20,000	19,980	20
Food Service Personnel	12,280	9,074	3,206

 Operations-

Cleaning Supplies	2,000	1,669	331
Jail Linens	500		500
Food	37,400	37,254	146
Prisoner Hygiene	3,500	3,304	196
Routine Medical	14,500	14,469	31
Staff Uniforms	400		400
Transporting Juveniles	600	233	367
Staff Travel	150		150
Telephone	2,000	1,876	124
Contracts with Other Counties	5,200	862	4,338
Other Contracted Services	6,400	6,321	79

ESTILL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>JAIL FUND (Continued)</u>			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer: (Continued)			
Operations- (Continued)			
Utilities	\$ 11,800	\$ 11,690	\$ 110
Vehicle Maintenance	500		500
Housing Juveniles	32,722	28,814	3,908
Maintenance	6,900	6,794	106
Miscellaneous Operating Expense	1,700	1,515	185
<u>Administration</u>			
General Services:			
Association Dues	300	250	50
Staff Training	500	464	36
Bank Charges	50	40	10
Work Release Liability Insurance	300	175	125
Contingent Appropriations:			
Reserve for Budget Transfers	4		4
Fringe Benefits:			
County Contributions-			
Retirement	12,000	9,677	2,323
Social Security	10,200	10,140	60
Health Insurance	16,000	15,613	387
<u>Debt Service</u>			
Bonds:			
Interest	<u>10,499</u>	<u>10,499</u>	
Total Operating Budget	\$ 318,208	\$ 300,450	\$ 17,758
Other Financing Uses:			
(c) Bonds - Principal	<u>5,270</u>	<u>5,268</u>	<u>2</u>
Total Jail Fund	<u>\$ 323,478</u>	<u>\$ 305,718</u>	<u>\$ 17,760</u>

ESTILL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>Protection to Persons and Property</u>			
County Fire Department:			
Fire Runs	\$ 1,000	\$ 862	\$ 138
Materials	7,000	2,422	4,578
Public Advocacy	2,827	2,332	495
<u>General Health and Sanitation</u>			
Dog Control:			
Supplies	1,000	972	28
Miscellaneous	300		300
<u>Social Services</u>			
Youth Center:			
Supplies	700	189	511
Renewals and Repairs	2,000	1,902	98
<u>Roads</u>			
Road Materials and Supplies:			
Gravel	30,365	29,201	1,164
<u>Debt Service</u>			
Lease-Purchase Agreement:			
Principal	8,790	8,790	
Interest	1,401	1,400	1
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Budget Transfers	<u>3,697</u>	<u></u>	<u>3,697</u>
Total Local Government Economic Assistance Fund	<u>\$ 59,080</u>	<u>\$ 48,070</u>	<u>\$ 11,010</u>

ESTILL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>CSEPP FUND</u>			
<u>General Operations</u>			
CSEPP Services:			
Communication Equipment	\$ 40,515	\$ 10,434	\$ 30,081
Coordinator Salary	22,500	3,760	18,740
Office Supplies	2,279	169	2,110
Operations	4,631		4,631
Exercise	275		275
Travel	1,400		1,400
Training	1,000		1,000
Copy Rental	1,200	232	968
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Retirement	1,814		1,814
Social Security	1,395	273	1,122
Health Insurance	1,653		1,653
Total CSEPP Fund	<u>\$ 78,662</u>	<u>\$ 14,868</u>	<u>\$ 63,794</u>
COMMUNITY DEVELOPMENT BLOCK GRANT FUND - <u>INDUSTRIAL PARK</u>			
<u>Capital Projects</u>			
Construction Services:			
Contracts with Government Agencies	<u>\$ 1,750</u>	<u>\$ 1,750</u>	<u>\$ 0</u>

ESTILL COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1998
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>STATE GRANT FUND</u>			
<u>Protection to Persons and Property</u>			
Ambulance Service:			
Vehicle	\$ 24,133	\$ 24,133	\$ 0
Total Operating Budget - All Funds	\$ 2,432,101	\$ 2,276,564	\$ 155,537
Other Financing Uses:			
(a) KACO Lease Trust - Principal	29,000	29,000	
(b) Transfer to Public Properties Corporation Fund	66,365	66,365	
(c) Bonds - Principal	<u>5,270</u>	<u>5,268</u>	<u>2</u>
TOTAL BUDGET - ALL FUNDS	<u>\$ 2,532,736</u>	<u>\$ 2,377,197</u>	<u>\$ 155,539</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr. Auditor of Public Accounts

Honorable Dwight Arvin, County Judge/Executive
Members of the Estill County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Estill County, Kentucky, as of and for the year ended June 30, 1998, and have issued our report thereon dated June 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Estill County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of Comments and Recommendations.

- Jailer Should Properly Collect And Account For Work Release Fees
- Jailer Should Properly Collect And Account For Bail Bond Fees

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Estill County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Estill County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Comments and Recommendations.

- The Fiscal Court Should Require Improved Accounting Procedures For Jail Commissary Fund
- Jail Telephone Commissions And Jail Commissary Moneys Were Not Accounted For Properly
- Jail Commissary Fund Had A Lack Of Adequate Segregation Of Duties

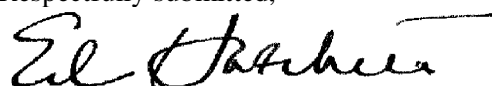
Honorable Dwight Arvin, County Judge/Executive
Members of the Estill County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider the following to be material weaknesses.

- The Fiscal Court Should Require Improved Accounting Procedures For Jail Commissary Fund
- Jail Telephone Commissions And Jail Commissary Moneys Were Not Accounted For Properly
- Jail Commissary Fund Had A Lack Of Adequate Segregation Of Duties

This report is intended for the information of management. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 3, 1999

COMMENTS AND RECOMMENDATIONS

ESTILL COUNTY
COMMENTS AND RECOMMENDATIONS

Fiscal Year Ended June 30, 1998

REPORTABLE CONDITIONS

1. The Fiscal Court Should Require Improved Accounting Procedures For Jail Commissary Fund

Our audit revealed that required financial reports and accounting records are not being maintained for the Jail Commissary Fund. Specifically noted was the absence of receipt and disbursement journals, daily check-out sheets, timely bank deposits, bank reconciliations, financial statements, and adequate supporting documentation for expenditures. KRS 441.135 states, "The jailer may maintain a canteen fund for the benefit of prisoners lodged in the jail and may assign such jail employees and prisoners to operate the canteen as are necessary for efficient operation. All profits from the canteen shall be used for the benefit or recreation of the prisoners. The jailer shall keep books of accounts of all receipts and disbursements from the canteen and shall annually report to the county treasurer on the canteen account." KRS 67.080 gives the fiscal court the authority to ". . . cause correct amounts and records to be kept of all receipt and disbursements of the public funds of the county." We recommend the fiscal court require the jailer to maintain complete and accurate records of the financial activity of the Jail Commissary Fund and prepare and submit the required financial reports. We also recommend that Jail Commissary Fund expenditures be supported by adequate documentation and exclusively for the benefit or recreation of the prisoners.

Management's Response:

I will recommend that the fiscal court issue a directive to the Jailer requiring him to keep and maintain accurate records.

Jailer's Response: Will do monthly and annual reports and present to County Treasurer.

2. Jail Telephone Commissions And Jail Commissary Moneys Were Not Accounted For Properly

The Estill County Jail was paid \$2,356 in telephone commissions, of which \$1,704 was not deposited into an official county bank account and is unaccounted for, and \$652 of which was deposited and used in the Jail Commissary Fund without proper authorization from the fiscal court. In addition, there was \$126 of vending machine commissions paid to the jail for the prisoner's commissary fund, which was not deposited and is unaccounted for. The telephone commissions of \$2,356 are county funds, which should have been given to the County Treasurer for deposit to the county's Jail Fund. The \$126 of vending machine commissions is Jail Commissary Fund profits and should have been used for the benefit or recreation of the prisoners. We recommend that the Jailer reimburse from personal funds \$1,704 to the Estill County Fiscal Court for deposit to the Jail Fund and \$126 to the Jail Commissary Fund. We also recommend the Jail Commissary Fund reimburse the county's Jail Fund for the unauthorized expenditure of \$652 of telephone commissions. In the future, we also recommend that telephone commissions be deposited in the Jail Fund and that Jail Commissary money deposited into the Jail Commissary Fund and used solely for the benefit or recreation of the prisoners.

ESTILL COUNTY
 COMMENTS AND RECOMMENDATIONS
 Fiscal Year Ended June 30, 1998
 (Continued)

2. Jail Telephone Commissions And Jail Commissary Money Were Not Accounted For Properly (Continued)

Jailer's Response: Reimbursements will be made to the Fiscal Court and Commissary Funds. Although I do not have receipts for this, I have purchased recreational/Christmas items with cash for inmates. (games, magazines, books etc) I understand I am responsible for this, but I was not told when I took office, about anything on what was to go into the Commissary Fund. It is my understanding that I will be required to remit payment from my personal account although I do not think this is fair and just. An audit was conducted in 1998 on the Commissary Account and everything was ok then. I feel that I should have been instructed by the Fiscal Court as to what monies were to be deposited in this account and as to what I could spend this money for. I may not have kept appropriate records, but I have not used this money inappropriately.

3. Jail Commissary Fund Had A Lack Of Adequate Segregation Of Duties

During our audit, it was noted that the internal control structure of the Jail Commissary Fund was weak primarily due to the lack of segregation of duties over receipts and disbursements. There was a limited staff size, which prevents adequate division of responsibilities. The Jailer has statutory authority to assume the role of custodian of monetary assets, as well as recorder of transactions and preparer of financial statements.

Jailer's Response:

Due to budget not able to hire personnel.

NONCOMPLIANCES

1. Jailer Should Properly Collect and Account for Work Release Fees

During our audit it was noted that work release fees were not being remitted to the County Treasurer for deposit in the county's Jail Fund. KRS 439.179 states, "Every prisoner gainfully employed shall be liable for the cost of his board in the jail, for an amount up to twenty-five percent of the prisoner's gross daily wages, not to exceed forty dollars per day, but not less than twelve dollars per day . . . If he defaults, privilege under this section shall be automatically forfeited . . ."

Review of the District Court's Case Calendar for the audit period revealed that 8 inmates were eligible for work release for a total of 437 days. This results in a minimum of \$5,244 in work release fees. It appears that these receipts were not deposited into an official county bank account and therefore are unaccounted for. Work release fees are county funds, which should have been collected and presented to the County Treasurer for deposit in the county's Jail Fund. We recommend that all work release fees be collected by the Jailer and remitted to the County Treasurer for deposit in the county's Jail Fund.

Jailer's Response:

Did not collect any work release fees as I told auditor. I will discuss work release privileges with district and circuit Judges and will immediately start collecting any fees due on a daily basis.

ESTILL COUNTY
COMMENTS AND RECOMMENDATIONS
Fiscal Year Ended June 30, 1998
(Continued)

NONCOMPLIANCES (Continued)

2. Jailer Should Properly Collect And Account For Bail Bond Fees

During the audit period, the Jailer collected 220 bonds; however, no bail bond fees were remitted to the County Treasurer for deposit into the county's Jail Fund. KRS 431.5305 states, "With the approval of the fiscal court of the county in which the prisoner is incarcerated, the Jailer may prepare or accept a bail bond pursuant to KRS 30A.060(3)." In this case, he shall collect a fee of five dollars from the defendant. The Jailer shall furnish the defendant with a written receipt for the fee. By the tenth day of each month, the Jailer shall:

- Report the previous month's bonding fees to the county treasurer; and
- Submit the previous month's bonding fees to the county treasurer for inclusion in the jail fund.

This results in \$1,100 of bail bond fees, which are unaccounted for and were not deposited into the county's Jail Fund. Bail bond fees are county funds that should be remitted to the County Treasurer for deposit into the county's Jail Fund. In the future, we recommend that all bail bond fees be collected by the Jailer and remitted to the County Treasurer for deposit in the county's Jail Fund.

Jailer's Response:

I have never collected bail bond fees, but will start immediately.

PRIOR YEAR FINDINGS

1. Lack of adequate segregation of duties due to size of staff and budgetary constraints. This finding has not been corrected and is repeated in Comment 3.
2. The county should require depository institutions to pledge sufficient securities as collateral and enter into a written agreement to protect deposits. This finding was corrected.

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**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**


ESTILL COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1998

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
ESTILL COUNTY FISCAL COURT

The Estill County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


County Judge/Executive


County Treasurer